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1. *Solving the problem of missing women entrepreneurs*

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[Solving the problem of missing women entrepreneurs]

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Body

India, Nov. 19 -- In India, ***women*** comprise 49% of the total population. The Gender Parity Index (GPI) for enrolment in higher education for 2019-20 was at 1.01% compared to 1.0% in 2018-19, indicating that more ***women*** are attending higher education in the country. Yet, their presence in the world of work is highly skewed, especially as ***entrepreneurs***.

Women own only 13.76% of the enterprises and are founders of 6% of the Indian startups. Startups with at least one ***women*** co-founder raised only 5% of the total funding raised by startups between 2018-2020, and this further shrunk to only 1.43% of the total investor funding in the startup ecosystem, when only ***women*** founders were considered.

In India, with the exception of Nykaa, led by Falguni Nair, no ***women*** feature in the unicorn and soonicorn list. Across the world, only 20 startups were founded by ***women*** that initiated an initial public offering (IPO) and are currently traded. The reason for such lacklustre numbers of ***women*** ***entrepreneurs*** can either be that ***women*** are not competent or interested in running businesses, or there are systemic reasons for the sparse presence of ***women*** in business.

A substantial amount of research has focused on the woman founder as the focal point to explain the gender gap. The reasons for fewer ***women*** ***entrepreneurs*** or leaders have often focused on what ***women*** lack. It has been said that while ***entrepreneurs*** are expected to be risk-taking, confident, and competitive, ***women*** are assumed to lack risk-taking appetite, communicate long-term vision and scalability, and commitment to making their startup big. Entrepreneurship is normatively viewed as men's work, and thus, ***women*** as founders of businesses are seen as counter stereotypical. This is, of course, a deeply flawed view.

First, most personality traits are distributed fairly equally among men and ***women***. Second, when ***women*** try to overcome the "deficit", they are punished by society for trying too hard. For example, ***women*** who make their pitches with passion are seen to be emotional, and thus, not suited for running a business. Similarly, ***women*** who are competent are perceived as cold and self-serving, and thus, as potentially incapable of building a team.

An alternative line of enquiry and work that is being pursued is exploring the biases exhibited by investors in their funding decisions. Good looking young men have the best chance to be funded and not so good-looking older ***women*** have the least. When men use complex abstract language, it is viewed positively by investors; however, when ***women*** use abstract language they are seen as not suitable for the practical world.

On top of it, when ***women*** founders make clear concrete pitches, it is often seen as lacking in a vision for growth. Investors have been found to ask different types of questions to men vs ***women***. Men making pitches are asked promotive (signifying presence and possibilities) questions and ***women*** making pitches are asked preventive (signifying absence and avoidance) questions. A majority of investor groups are comprised of and are led by, men, and investment committees are mostly male-dominated. Only three of the top 20 venture capital firms in Indian have one woman partner.

The rest do not have a single woman partner. Additionally, only 2% of the angel investors are ***women***. In male-only or male-dominated investor groups, homophily (a tendency for us to like people who are like us), a fundamental bias among humans, possibly impacts decision-making.

To overcome such unconscious biases, one of the suggestions is that at least one or more ***women*** investors be included in the investment group. This recommendation comes out of the belief that when there is a diversity of gender in the decision-making group, there is a likelihood that ***women*** seekers of funds will get a fairer hearing and possibly receive more favourable decisions.

Theoretically, adding more ***women*** should change the team dynamics and possibly serve to break the spiral of gender role expectations in determining outcomes. However, the inclusion of one or two ***women*** rarely works because majority group members biases percolate through the group and provide momentum to the "flywheel" of self-reinforcing beliefs. The individual mindsets of majority investors and imbibed widespread stereotypes of the ***women entrepreneurs*** further multiply into a group phenomenon and perpetuate deeply embedded gender biases.

Thus, even when there are ***women*** in the investor group, the stereotype would perpetuate, ultimately impeding ***women entrepreneurs***' access to capital.

Both men and ***women*** investors need to be made aware of their biases, albeit unconscious, towards who is an ***entrepreneur***, how they stereotype ***women*** versus men ***entrepreneurs***, how their biases impact objective decision-making, how they treat the same behaviour coming from a woman versus a man and so on.

While biases can never be eliminated, it has been shown that when we are exposed to them, we are less likely to let them influence our decisions. Based on our current research, we believe that having more than a token woman is necessary for making an impact on the group dynamics that propel groups to make biased decisions.

Having at least half the group comprised of confident ***women***, well-versed with business and financial deals, who are also made aware of their biases, would possibly give ***women entrepreneurs*** an equal chance to be funded. In the long run, we also need more ***women*** to join investor companies, and we need more of them to start investment companies.

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The views expressed are personal

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